

OPTIMISTIC OUTLOOK SEEN

New York Banking House Reviews Business Conditions in Favorable Light.

Brightness is again appearing in business, according to the monthly review published by the National City Company of New York. The outlook for the future is better than some months ago, the review declares. The review, in part, follows:

The business situation has been brightened decidedly by the rise of farm products which has taken place in the last month. This advance is of greater significance than any other development that has occurred since the prices of farm products broke in the fall of 1920. It is the first burst of real sunshine, and as such is marked contrast with the artificial variety which has been rather laboriously disseminated by cheerful people who have thought nothing was required but that everybody should smile at each other. A deadlock has existed, as a result of farm products having fallen much faster and farther than other products, and prosperity has been waiting on a correction of this uneconomic and unjust situation. Another demonstration has been afforded of the profound truth that the economic law and the moral law are always in harmony, and that it is wise management to bring business affairs into line with them.

As is usually the case when a great fall of prices occurs under conditions which unsettle confidence, farm products fell below the normal level, in some instances below even the pre-war level. European conditions were immediately responsible for the fall and they have been so clouded as to involve the whole situation in uncertainty. The rise which has now occurred has given prompt vindication to the report recently made by Professor George F. Warren of the Department of Agriculture, that Europe would have to buy heavily of food-stuffs before the crop of 1922.

Prices of Wheat.

It has been known since last summer that the world's supply and consumption of wheat would be closely balanced for this crop year, much depending upon the crops in the southern hemisphere. The early reports as to the crops of Argentina and Australia were of large yields and the Canadian crop was estimated to be considerably above that of 1920. Confidence in wheat, among both producers and speculators, had been weakened by the great decline of the previous year, with the result that the farmers marketed the crop rapidly and as stocks in sight increased there was not courage enough in the markets to take the offerings without price declines. The farmers suffered from lack of speculative buying. More buyers were needed who had faith in wheat. It will be remembered that about that time the so-called farmers' bloc in congress was hot on the trail of the speculator, and has been claiming credit for enacting a law to curtail his operations. Of course it cannot be positively said that wheat would have been higher but for this act, but if it interfered with the freedom of the markets, and it is certain that wheat suffered last fall from a lack of speculative buying. The low price on the crop was made November 1st, when December wheat sold in Chicago at \$1.01 and the May delivery at \$1.02-5.

As the harvest and threshing proceeded in Argentina and Australia, it developed that in neither country would the yield come up to the early reports, and the final official report on the Canadian crop placed it 30,000,000 bushels below the estimates current in the fall. The reduction in Canada, however, was more than offset by an increase in the official estimate for the United States. By the middle of January the May price had risen to about \$1.12, and by the end of the month to about \$1.18. Unfavorable reports on the condition of the fall-sown crop in the southwest had become a factor, and so also the Warren report of probable European needs, which was quickly verified by increased European purchases. Under the influence of these developments the market became very active in February and advanced rapidly, the May delivery in Chicago, reaching \$1.47, from which it reacted a few cents on rains over the southwest, where drought had prevailed.

From this time on the market will be much influenced by the crop prospects in this country. Kansas is the biggest producer of winter wheat, and in that state and the adjoining southwest the crop failed to get moisture enough in the fall to give a good start, and has had very little of either snow or rain since. Crop experts have been predicting a heavy abandonment of acreage.

This situation supports the view that so long as Russia is not an exporter, the world's supply and demand will be closely balanced when the wheat crop is generally good, and that a short crop with any important producer is likely to send prices skyward.

Corn and Hogs. As mentioned in our last number the rise of hogs, which led to

more importance of their share than the rise of wheat, in view of the fact that so large a part of the wheat crop has left first hands. Live hogs have been selling through out the month of February around \$10 per hundred weight in Chicago, which is an advance of over \$3 from the low point, and means not less than 30 cents per bushel for the corn consumed. The rise was unlooked for, common opinion being that the packers were determined to keep down the price, and that in view of the low price of corn, hogs would be given all possible weight. However, the shipping demand at Chicago, for outside packers, has been strong and receipts at all markets have been smaller than last year. Receipts at all the principal packing centers for the season from November 1 to February 4 were 8,425,000 against 2,595,000 for the corresponding period the year before, and weights are averaging about the same. Stocks of all hog products are lower than a year ago, export movement about same.

The decline in receipts probably reflects the busy action of farmers in disposing of brood sows because they lost money feeding high priced corn to hogs in 1920. Over and over again it has been proven that such spasmodic policies do not pay in agriculture or in any business. The February Letter contained a letter from a western farmer touching upon the success that has attended livestock production upon a uniform, consistent policy.

The price of corn has responded to profitable results from feeding operations in hogs, cattle and sheep, with a rise of about 15 cents per bushel. Exports have continued high, and the rise of wheat probably has had some influence. The low price of all the grains was due in considerable degree to loss of confidence and lack of speculative interest. It has been popular to decry the speculator, but speculation, intelligently directed, renders economic service as a stabilizing influence. If it is called "investment" to buy corn when the price falls below the cost of production, the act is accepted as entirely legitimate, but if it is called "speculation" it becomes discreditable. The fact is that when an excessive supply exists of any commodity the price will fall unduly low unless there are buyers who will take it to hold for the market in the future. The country has had two bumper crops of corn in succession, following a fair crop in 1919; corn has a very limited market except as feed for animals, and the country is in an unbalanced state as between corn and livestock. Add to this the fact that the world situation has been unsettled that calculations for the future could not be made with confidence, and it is not difficult to see why corn and the other grains have been low.

Cattle, Sheep and Wool.

The price of fat cattle has been steady, with some showing of strength, but a decided improvement has taken place in the market for stock cattle, which during a great part of last year was demoralized by forced sales to liquidate indebtedness. During the boom period, while prices were rising, many cattlemen became over-extended and in many instances banks became over-extended in granting them accommodations. A great amount of cattle loan companies, and bought by investors who were under no obligations to renew it, and who counted upon having their money when the paper fell due. The turn of the times came, prices fell, bank deposits declined, the cattle loans fell due, banks needed their money to meet the calls of depositors, and cattle had to be sold. It was a mistake to create so much indebtedness. The cattle business would have had more real prosperity without borrowing so much. The borrowing resulted in a competitor for stock cattle that drove prices up to a level that was dangerous for those who did the financing, and ultimately brought disaster all around.

The decline of prices was drastic, but it restored a situation favorable to farmers, with the result that fat cattle marketed this winter are showing handsome profits for the men who had the courage to fill their feed lots last summer. These men have recouped the losses of the year before, and with this showing that there is still money to be made in cattle, the prices of stock animals have rallied and a fair relation between them and the prices of finished hogs in the way of being restored.

The situation as to sheep is better even than for cattle, eyes are again marketable property and the feeders of sheep and lambs have made handsome profits. Lambs are beginning almost double the prices of a few months ago. Another factor in the value of sheep is the advance in wool, which is bringing about double the prices of a year ago, and 35 to 40 per cent more than four months ago. Wool is strong in world markets, particularly the best grades. The corporation organized in 1920 to take the Australian stocks and the holdings of the British government has recently reported that the stock of merinos will be entirely disposed of by the end of next July, and it is expected that this quality will then be released from control. The world still has large stocks of low grade wools, but even these are improving in price. In the United States, the stocks imported in anticipation of the emergency tariff have been worked down to small proportions, and the advances here signifies that prices are being adjusted to the outside market plus the new import duties.

Other Agricultural Products.

Butter and eggs are about the only farm products that have not participated in the rise, their tendency being downward with every warm spell of weather. For the week ended February 11, the American Association of Creamery Butter Manufacturers reported a rate 21.6 per cent greater than in the same week of last year. The storage supplies are a little below those of last year.

The California crop of citrus fruit has met with a calamity, a freeze cutting off 50 to 75 per cent of it. This is a serious blow to Southern California, and while it will rebound in some degree to the benefit of Florida producers, means that consumers will have to pay higher prices.

The Business Outlook.

It will be seen from the foregoing survey of the agricultural products that a pronounced improvement has taken place in the position of the farming population, which is precisely where the business situation has been weak. It would not be safe to predict that this improvement will continue or even that it will be in all respects maintained, but it probably is safe to say that the worst has been passed, and that on the whole the farmer will not lose the ground that has been gained.

For one thing, a rise such as has occurred does much to restore confidence in values. It has shown how easily the situation may right itself with a slight change in conditions, and that there never was ground for the extreme pessimism that prevailed. Pessimism, like optimism, is infectious, and when everybody is thinking the same way either state of mind will run to the extreme. When times were booming, common opinion was ready to insist they would go on that way for a long time, and when they turned bad it was just as positive that they were going to stay bad for a very long time unless something was done forthwith.

As said above, wheat is more than likely to bring a good price so long as Russia remains out as a competitor. If speculators had had a normal amount of nerve the price would not have fallen so low on the last crop. The chances are against a third bumper crop of

corn in succession, some reduction of acreage is practically certain, and the present price of hogs will assure a more balanced relation between corn and hogs next year. The individual farmer will best judge for himself about the acreage he should plant to corn, and not be carried away by any campaign for a concerted plan. A policy good for one farmer may not be good for another. Each should let his own farm into a balanced state, in which he can handle it to the best advantage. It is probable that the spread between corn and hogs will be smaller next year than now, with corn higher and hogs possibly lower.

It would be a mistake to think prices are going back to war figures. In Europe, outside of Russia, agriculture will be back in 1922 almost to normal productivity, and it will buy no more outside of Europe than it is obliged to. A return to completely normal conditions is not to be expected until the farmers of Europe are in better shape. In the long run the farmer has one permanent influence on his side. The population is constantly increasing and the area of land in farms increases now only by a considerable expenditure of

capital, for irrigation, drainage of the improvement of cut over lands. Such expenditures will not be made when prices are depressed.

Already a more cheerful feeling is evident throughout the agricultural territory, but it must be considered that much of the 1921 crop has passed from the farmers' hands, and also, that the proceeds of the remainder will be needed to meet taxes and pressing indebtedness, and for necessary expenses until this season's crop is grown. There will be no free spending.

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REPORT OF THE CONDITION OF THE STATE BANK OF IMBLER

At Imbler, in the State of Oregon, at the close of business March 10, 1922

RESOURCES	
1. Loans and discounts, including redemptions shown in items 29 and 30, if any	\$121,582.82
2. Overdrafts secured and unsecured	250.71
3. U. S. Government securities owned, including those shown in items 30 and 31, if any	3,500.00
4. Other bonds, warrants and securities, including foreign government, state, municipal, corporation, etc., including those shown in items 30 and 31, if any	3,378.72
5. Stocks, securities, claims, loans, judgments, etc.	600.00
6. Banking house, fixtures and furniture, etc.	10,027.50
7. Real estate owned other than banking house	1,500.00
8. (a) Lawful reserve, with federal reserve bank	none
(b) Cash on hand in vault and due from other banks, bankers and trust companies	none
9. (a) Cash on hand in vault and due from banks, bankers and trust companies designated and approved reserve agents of this bank	15,307.11
(c) Net amounts due from other banks, bankers and trust companies	none
10. Exchanges for clearing house and items on other banks in the same city or town as reporting bank	none
11. Checks on banks outside city or town or reporting bank and other cash items	none
Total cash and due from banks, items 8, 9, 10 and 11	\$16,307.11
12. Interest, taxes and expenses paid	none
13. Customers' liability under letters of credit	none
14. Customers' liability account of acceptances executed by this bank and other banks for the account of this bank	none
15. Other assets, if any	none
Total	\$158,247.92

LIABILITIES	
16. Capital stock paid in	\$4,000.00
17. Surplus fund	3,000.00
18. (a) Undivided profit	\$5,437.83
(b) Less current expenses, interest and taxes paid	\$2,245.78
19. Reserved for taxes, interest and depreciation	1,194.05
20. Dividends unpaid	none
21. Net amounts due to other banks, bankers and trust companies	\$210.94
22. United States deposits including postal savings and deposits of U. S. disbursing officers	none
23. Demand deposits, other than banks, subject to reserve	79,771.91
24. Individual deposits subject to check, including deposits due the State of Oregon, county, cities or other public funds	67.94
25. Demand certificates of deposit outstanding	472.70
26. Certified checks outstanding	none
Total of demand deposits, other than bank deposits, subject to reserve, items 23, 24, 25, 26	\$80,502.25
27. Time and Savings Deposits, subject to reserve and payable on demand or subject to notice	30,431.08
28. Time certificates of deposit outstanding	none
29. Savings deposits, payable subject to notice	none
Total of time and savings deposits payable on demand or subject to notice, items 27 and 28	\$30,431.08
30. Notes and bills redemitted with Federal Reserve Bank	none
31. Notes and bills redemitted including bonds or other securities sold under repurchase agreements with contingent liabilities	none
32. Bills payable with federal reserve bank or with other banks or trust companies	none
33. Advances from War Finance Corporation	none
34. Letters of credit outstanding	none
35. Acceptances executed by this bank for customers based on actual agricultural or commercial transactions	none
36. United States government or other bonds loaned	none
37. Liabilities other than above, if any	none
Total	\$158,247.92

State of Oregon, County of Union, ss. I, L. L. Stringham, Cashier of the above named bank, do solemnly swear that the above statement is true to the best of my knowledge and belief.

L. L. STRINGHAM, Cashier.
CORRECT—Attest: C. J. Pratt and Clay W. Fox, Directors.
Subscribed and sworn to before me this 15th day of March 1922.
V. E. LONG, Notary Public.
My commission expires March 7th, 1925.

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Tonight at Eight O' clock
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Fine Musical Numbers
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PIE CRUST
1 1/2 cups sifted Pastry Flour 1/2 teaspoon Baking Powder
1/2 teaspoon salt 4 tablespoons Cold Water

Mix the ingredients. Add water to Mazola and beat until creamy. Mix quickly into dry ingredients. Roll out slightly floured board and roll to desired thickness. This recipe makes one double pie crust.

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1 Set Salad Forks	was 8.00	Now 5.25
1 Set Soup Spoons	was 8.00	Now 5.65
Butter Knife	was 1.60	Now .90
Sugar Shell	was 1.60	Now .90
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